

ORONOKO CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name APR 12 2007 ORONOKO CHARTER TOWNSHIP	County BERRIEN
Fiscal Year End DECEMBER 31, 2006	Opinion Date February 21, 2007	Date Audit Report Submitted to State April 11, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | | | |
|-----|----|--|
| YES | NO | Check each applicable box below. (See instructions for further detail.) |
|-----|----|--|
1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 4. The local unit has adopted a budget for all required funds.
 5. A public hearing on the budget was held in accordance with State statute.
 6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 8. The local unit only holds deposits/investments that comply with statutory requirements.
 9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 11. The local unit is free of repeated comments from previous years.
 12. The audit opinion is UNQUALIFIED.
 13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 14. The board or council approves all invoices prior to payment as required by charter or statute.
 15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) GERBEL & COMPANY, P.C.		Telephone Number 269 983-0534		
Street Address 830 PLEASANT ST, P.O. BOX 44		City ST. JOSEPH	State MI	Zip 49085
Authorizing CPA Signature <i>Robert R. Gerbel CPA</i>		Printed Name ROBERT L. GERBEL		License Number 3953

ORONOKO CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2006

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ORONOKO CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oronoko Charter Township's (the "Township") financial performance for the year ended December 31, 2006. Please read it in conjunction with financial statements following this section.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the fiscal year by \$4,260,400 (net assets). Of this amount, \$1,764,176 (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,550,974, an increase of \$158,138 in comparison with the prior year. Approximately 100% of the total amount, \$1,550,974 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$1,511,028.
- The Township's total debt fell to \$183,584 a decrease of \$53,467 (23%) during the current fiscal year, with no new debt acquired during the year.

Overview of the Financial Statements

The discussion and analysis is an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statement's focus is on both the Township as a whole (government-wide) and on the major individual funds. Both perspectives allow users to address relevant questions, broaden a basis for comparison and enhance the Township's accountability. This report also contains supplementary information in addition to the basic financial statements which further explains and supports the information presented in these statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The Statement of Net Assets and the Statement of Activities are two financial statements that should help answer the question: Is the Township, as a whole, better off or worse off as a result of this year's activities? These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are recognized regardless of when cash is received or paid.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Township also has an Improvement Fund,

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Debt Retirement Fund, and Street Lighting Fund which are considered to be non-major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Additional Required Supplementary Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes budgetary comparison schedules.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$4,260,400 at the close of the most recent fiscal year. By far the most significant portion of the Township's net assets (60 percent) reflects its investment in capital assets (e.g., land, buildings, water and sewer systems, and equipment) less any related debt used to acquire or construct these assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Oronoko Township's Net Assets

	Governmental Activities	
	Current Year	Prior Year
	<u>Total</u>	<u>Total</u>
Current and other assets	\$ 1,777,988	\$ 1,629,901
Capital assets	<u>2,679,808</u>	<u>2,551,608</u>
Total Assets	<u>4,457,796</u>	<u>4,181,509</u>
Long-term liabilities	130,117	183,584
Other liabilities	<u>67,279</u>	<u>68,221</u>
Total liabilities	<u>197,396</u>	<u>251,805</u>
Net assets:		
Invested in capital assets, net of related debt	2,496,224	2,314,557
Restricted	0	0
Unrestricted	<u>1,764,176</u>	<u>1,615,147</u>
Total net assets	<u>\$ 4,260,400</u>	<u>\$ 3,929,704</u>

The unrestricted net assets \$1,764,176 may be used to meet the Township's ongoing obligations to citizens and creditors.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Oronoko Township's Change in Net Assets

	Governmental Activities	
	Current Year	Prior Year
	<u>Total</u>	<u>Total</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 194,471	\$ 180,716
Capital Grants	165,203	206,652
General Revenues:		
General taxes	166,042	156,823
Taxes restricted for debt service	43,297	62,081
State of Michigan aid, unrestricted	597,595	608,882
Special assessments	1,900	0
Interest and investment earnings	63,571	31,298
Other	515	677
Gain (loss) on sale of fixed assets	<u>28,831</u>	<u>4,962</u>
Total Revenues	<u>1,261,425</u>	<u>1,252,091</u>
Expenses:		
General government	535,145	530,443
Public safety	408,336	450,114
Public works	76,880	119,141
Community and economic development	12,151	0
Recreation and culture	43,810	48,881
Interest on long-term debt	<u>14,407</u>	<u>17,963</u>
Total Expenses	<u>1,090,729</u>	<u>1,166,542</u>
Change in Net Assets	170,696	85,549
Net Assets – Beginning of Year	3,929,704	<u>3,844,155</u>
Prior Period Adjustment	160,000	
Adjusted Net Assets, Beginning of Year	<u>4,089,704</u>	
Net Assets – End of Year	<u>\$ 4,260,400</u>	<u>\$ 3,929,704</u>

The Township's net assets increased by \$170,696 during the current fiscal year as discussed in the following paragraph.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Governmental Activities:

Governmental activities increased the Township's net assets by \$170,696. A key element of this increase was keeping expenditures under budgeted amounts. The Township also had an increase in revenue from interest and investment earnings and gain on sale of fixed assets.

Financial Analysis of the Township's Funds

As the Township completed the year, its governmental funds reported combined fund balances of \$1,550,974. Of this amount, \$1,550,974 (100%) was unreserved fund balance, which is available for appropriations for the general purpose of the funds.

General Fund

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the unreserved fund balance was \$1,511,028. The total fund balance increased by \$155,201.

The difference between the original budget and the final amended budget for revenues and expenditures was \$0. The Townships final amended budget for revenues was \$956,000 and the actual was \$1,177,333, but there was \$158,688 of revenue from grants for the county fire radio improvement project and election equipment which passed through the Townships accounts with no income or expense generated for the Township. The final amended budget for expenditures was \$1,094,250 with actual expenditures of \$1,048,091(4.2% difference).

During the year, the Township's revenues exceeded the budgetary estimates and the expenditures were less than budgetary estimates, thus there was no need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital Assets:

The Township's investment in capital assets for its governmental activities as of December 31, 2006 amounts to \$2,679,808 (net of accumulated depreciation). This investment in capital assets includes: land, land improvements, buildings and improvements, furniture, equipment, utility systems and vehicles.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Major capital asset events during the current fiscal year included the following:

- The cemetery department purchased a John Deere 35D Compact Excavator for \$37,383.
- The fire department purchased radio equipment for \$4,137.70 as part of the county fire radio improvement project.
- The township hall received \$34,776 in election equipment covered by a grant.

Long-term Debt:

At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$183,584. Of this amount, \$105,000 is in General Obligation bonds for the Library which is paid each year by millage for taxes levied by the Township. The balance of \$78,584 is for bonds for water and sewer improvements in the Township and is paid for through transfers from the General Fund. This debt is backed by the full faith and credit of the government. No new debt was acquired during the current year.

Economic Condition and Outlook

The major revenue source of the Township continues to be revenue sharing from the State of Michigan. So far, the State is expecting to pay the Township approximately \$10,000 less in the next state fiscal year than in the current fiscal year. The Township is planning to replace a truck for the cemetery department and a car for the police department in 2007. The Township is also purchasing land next to the Township for future expansion of Feather Park.

Requests for Information

This financial report is designed to provide a general overview of Oronoko Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Supervisor
Oronoko Charter Township
4583 E Snow Road
PO Box 214
Berrien Springs, MI 49103

**ORONOKO CHARTER TOWNSHIP
TOWNSHIP BOARD**

Ernest Hildebrand..... Supervisor
Suzanne Renton..... Clerk
Kendall Hill..... Treasurer
Rae Holman..... Trustee
Dorothy Hildebrand..... Trustee
Philipp Riess..... Trustee
Robert Pagel, Jr..... Trustee

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

February 21, 2007

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Oronoko Charter Township
Berrien County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oronoko Charter Township, as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages I through VII, and page 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Right. On time.

INDEPENDENT AUDITOR'S REPORT - Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oronoko Charter Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Herbel & Company, P.C.

ORONOKO CHARTER TOWNSHIP
Statement of Net Assets
December 31, 2006

Assets	Governmental Activities
Current Assets	
Cash and cash equivalents	\$ 1,412,620
Taxes receivable	151,106
Accounts receivable	-
Assessment receivable	7,268
Due from other funds	62,369
Due from other governments	136,667
Interest receivable	7,958
Capital assets (net of accumulated depreciation):	
Land	514,249
Land improvements	37,928
Buildings and improvements	1,395,723
Furniture and equipment	241,423
Utility systems	210,449
Vehicles	<u>280,036</u>
Total Assets	<u>\$ 4,457,796</u>
Liabilities	
Accounts payable	\$ 6,032
Salaries and withholding payable	3,868
Interest payable	3,912
Noncurrent liabilities:	
Bonds payable, due within one year	53,467
Due in more than one year	<u>130,117</u>
Total Liabilities	<u>\$ 197,396</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 2,496,224
Unrestricted	<u>1,764,176</u>
TOTAL NET ASSETS	<u>\$ 4,260,400</u>

ORONOKO CHARTER TOWNSHIP
Statement of Activities
December 31, 2006

	Program Revenues				Governmental Activities Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Assets</u>
Governmental Activities:					
General Government	\$ 535,145	\$ 72,026	\$ -	\$ 34,776	\$ (428,343)
Public Safety	408,336	121,385	-	126,037	(160,914)
Public Works	76,880	-	-	4,390	(72,490)
Community and Economic Development	12,151	-	-	-	(12,151)
Recreation and Culture	43,810	1,060	-	-	(42,750)
Interest on long-term debt	14,407	-	-	-	(14,407)
	\$ 1,090,729	\$ 194,471	\$ -	\$ 165,203	\$ (731,055)
General Revenues:					
Taxes					
Property taxes, levied for general operations					\$ 166,042
Property taxes, levied for debt service					43,297
Special assessments					1,900
State of Michigan aid, unrestricted					597,595
Interest and investment earnings					63,571
Other					515
Gain (loss) on sale of fixed assets					28,831
					\$ 901,751
Change In Net Assets					\$ 170,696
Net Assets - Beginning of Year					\$ 3,929,704
Prior Period Adjustment - NOTE 12					160,000
					\$ 4,089,704
Adjusted Net Assets, Beginning of the Year					\$ 4,089,704
NET ASSETS - END OF YEAR					\$ 4,260,400

**ORONOKO CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Balance Sheet
For the Year Ended December 31, 2006**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Currents Assets:			
Cash and cash equivalents	\$ 1,372,685	\$ 32,528	\$ 1,405,213
Monies on deposit with county	-	7,407	7,407
Receivables:			
Property tax	119,839	31,267	151,106
Interest	7,958	-	7,958
Assessments	-	7,268	7,268
Other	136,667	-	136,667
Due from other funds	<u>50,009</u>	<u>12,360</u>	<u>62,369</u>
 Total Current Assets	 <u>\$ 1,687,158</u>	 <u>\$ 90,830</u>	 <u>\$ 1,777,988</u>
 TOTAL ASSETS	 <u>\$ 1,687,158</u>	 <u>\$ 90,830</u>	 <u>\$ 1,777,988</u>
 Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 6,032	\$ -	\$ 6,032
Payroll liabilities	3,868	-	3,868
Deferred revenue	<u>166,230</u>	<u>50,884</u>	<u>217,114</u>
 Total Current Liabilities	 <u>\$ 176,130</u>	 <u>\$ 50,884</u>	 <u>\$ 227,014</u>
 Total Liabilities	 <u>\$ 176,130</u>	 <u>\$ 50,884</u>	 <u>\$ 227,014</u>
 Fund Balances:			
Unreserved, reported in			
General Fund	\$ 1,511,028	\$ -	\$ 1,511,028
Special Revenue	-	9,507	9,507
Debt Service	<u>-</u>	<u>30,439</u>	<u>30,439</u>
 Total Fund Balances	 <u>\$ 1,511,028</u>	 <u>\$ 39,946</u>	 <u>\$ 1,550,974</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,687,158</u>	 <u>\$ 90,830</u>	 <u>\$ 1,777,988</u>

ORONOKO CHARTER TOWNSHIP
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
For the Year Ended December 31, 2006

Fund balances of governmental funds	\$ 1,550,974
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	2,679,808
Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(183,584)
Government-wide statements recognize interest expense in the period in which it accrues rather than the period in which payment is made.	(3,912)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>217,114</u>
Net assets of governmental activities	<u>\$ 4,260,400</u>

**ORONOKO CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2006**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 156,867	\$ 62,088	\$ 218,955
Special assessments	-	675	675
Licenses and permits	51,629	-	51,629
State grants	601,985	-	601,985
Contributions from local units	33,376	-	33,376
Federal grants	77,736	-	77,736
Charges for services	66,812	-	66,812
Interest and rents	62,682	1,607	64,289
Capital grants	83,077	-	83,077
Fire department revenue	41,594	-	41,594
Miscellaneous	1,575	-	1,575
	<u>1,177,333</u>	<u>64,370</u>	<u>1,241,703</u>
Total Revenues	<u>\$ 1,177,333</u>	<u>\$ 64,370</u>	<u>\$ 1,241,703</u>
Expenditures:			
Current:			
General government	\$ 596,084	\$ -	\$ 596,084
Public safety	326,908	-	326,908
Public works	21,542	-	21,542
Health and welfare	45,891	-	45,891
Community and economic development	12,151	-	12,151
Recreation and cultural	45,515	-	45,515
Debt service:			
Principal retirement	-	53,467	53,467
Interest and fiscal charges	-	14,043	14,043
Miscellaneous	-	364	364
	<u>1,048,091</u>	<u>67,874</u>	<u>1,115,965</u>
Total Expenditures	<u>\$ 1,048,091</u>	<u>\$ 67,874</u>	<u>\$ 1,115,965</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 129,242</u>	<u>\$ (3,504)</u>	<u>\$ 125,738</u>
Other Financing Sources (Uses):			
Operating transfer in (out)	\$ (6,441)	\$ 6,441	\$ -
Proceeds from sale of assets	32,400	-	32,400
	<u>25,959</u>	<u>6,441</u>	<u>32,400</u>
Total Other Financing Sources (Uses)	<u>\$ 25,959</u>	<u>\$ 6,441</u>	<u>\$ 32,400</u>
Net Change in Fund Balance	\$ 155,201	\$ 2,937	\$ 158,138
Fund Balances - Beginning of Year	<u>1,355,827</u>	<u>37,009</u>	<u>1,392,836</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,511,028</u>	<u>\$ 39,946</u>	<u>\$ 1,550,974</u>

The accompanying notes are an integral part of these financial statements.

ORONOKO CHARTER TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2006

Net change in fund balances - total governmental funds	\$	158,138
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which depreciation exceeded capital outlays in the current period.		(27,898)
Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.		53,467
The net effect of trade-ins and sales involving capital assets is to decrease net assets.		(3,902)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>(9,109)</u>
Change in net assets of governmental activities	\$	<u>170,696</u>

**ORONOKO CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Fiduciary Net Assets
December 31, 2006**

	Expendable Trust Fund	Tax Collection Fund
Assets		
Cash and cash equivalents	\$ 5,906	\$ 379,056
TOTAL ASSETS	<u>\$ 5,906</u>	<u>\$ 379,056</u>
Liabilities		
Due to other funds	\$ -	\$ 62,369
Due to other governments	-	316,687
Undistributed revenue for Garr, Morrow and Sprague Memorials	<u>5,906</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 5,906</u>	<u>\$ 379,056</u>

**ORONOKO CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Changes in Net Assets
December 31, 2006**

	Expendable Trust Fund
Additions	
Interest	\$ 161
Total Additions	<u>\$ 161</u>
Deductions	
Memorials:	
Garr - Oak Grove	\$ 33
Sprague - Rosehill	33
Morrow - Rosehill	<u>33</u>
Total Deductions	<u>\$ 99</u>
Changes in net assets	\$ 62
Net Assets - Beginning of Year	<u>5,844</u>
NET ASSETS - END OF YEAR	<u>\$ 5,906</u>

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by Oronoko Township, Michigan, conform to generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Township's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Township's reporting entity.

Berrien Springs-Oronoko Township Police Department and Berrien Springs-Oronoko Joint Fire Administrative Board. These potential component units are disclosed as joint ventures. See NOTE 3 for further information on the joint ventures.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Township does not maintain any proprietary funds.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Oronoko Charter Township reports the following major governmental fund:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, Oronoko Charter Township reports the following fund type:

The **Agency Funds** are used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first. Unrestricted resources are used as they are needed.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Budgetary Data

The Supervisor submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted by the Board of Trustees in summary form prior to December 15.

The Supervisor can transfer budgeted amounts between departments within a fund, but usually requests approval from the Board of Trustees before making any such transfers. Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Oronoko Charter Township as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements. Accumulated depreciation is reported on the government-wide statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	3-12 years
Utility Systems	10-40 years
Land Improvements	15-25 years

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

G. Property Taxes

Township property taxes are levied on December 1 and are payable without penalty through February 14. The Township bills and collects its own property taxes and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of all taxes are accounted for in the Current Tax Agency Fund. Township property tax revenues are recognized as revenues in the calendar year following the levy date.

H. Investments

Investments are stated at cost or amortized cost, which approximates market.

All highly liquid investments (including restricted assets) with a maturity of one year or less when purchased are defined as cash equivalents.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

NOTE 2 - CASH AND INVESTMENTS

Cash and Short-term Investments - The Township is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Township is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. The Township is authorized to invest in commercial paper within the two highest classifications and maturities not more than 270 days after the date of purchase. Act 217, P.A. 1982 states that the Township's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Township's deposits are in accordance with statutory authority at December 31, 2006.

Long-term Investments - The Township's policy does not address investments other than short-term highly liquid assets.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2006

NOTE 2 - CASH AND INVESTMENTS - Continued

Interest Rate Risk - It is the objective of the Township to maintain safety of principal of its funds, maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return. The Township is not exposed to interest rate risk.

Credit Risk - State statute allows for the deposit of fund into financial institutions provided those institutions are a state or nationally chartered bank or a state of federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch located in the State of Michigan under the laws of Michigan or the United States.

Concentration of Credit Risk - Assets shall be diversified to eliminate the risk of loss from over concentration in a specific maturity, individual financial institutions, or a specific class of securities. The Township is not exposed to concentration of credit risk.

Custodial Credit Risk - The Township is authorized to invest in pre-qualifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Township will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. As of December 31, 2006, the Township's funds were deposited in eleven institutions meeting these requirements. As of December 31, 2006, \$717,636 of the government's bank balance of \$1,921,276 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 717,636
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NOTE 3 - JOINT VENTURES

Berrien Springs-Oronoko Joint Fire Administrative Board

On December 9, 1986, the Village of Berrien Springs and Oronoko Charter Township entered into a joint venture to form a joint fire administrative board. The purpose of the board is to establish an annual budget, to establish annual billing rates, to recommend to the Village and Township any request for financial assistance and the purchase of any additional equipment as is deemed necessary from time to time.

The Board is composed of five members. Oronoko Charter Township selects two members and the Village of Berrien Springs selects two members. One member is selected at large. This board annually elects a president, vice-president, and a secretary. The Fire Chief is appointed by the Village President and Township Supervisor subject to the approval of the Village Council and Township Board.

The cost of future capital purchases and operations are split 70% Oronoko Charter Township and 30% Village of Berrien Springs. During 2006, the Township acted as an agent for a county grant. Therefore, the countywide equipment is not factored into the split. The total operating expenditures for the department amounted to \$158,614. The Township's share of Fire Board operating expenditures for the year ended December 31, 2006 was \$111,030.

Berrien Springs-Oronoko Township Police Department

On July 6, 1971 the Village of Berrien Springs and Oronoko Charter Township entered into a mutual police assistance agreement for the purpose of the establishment of an inter-municipal police authority and to provide police services for both the Village and the Township. The original agreement between Oronoko Township and the Village of Berrien Springs entered into in 1971 called for all costs to be split 50% Township and 50% Village.

On November 14, 2006, the Township Board voted to terminate the agreement and assumed control of and responsibility for police protection and services. A separate audit report has been issued for the police department for the year ended December 31, 2006. For the year ending December 31, 2007, the police operations will be reported as a special revenue fund of the Township.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2006

NOTE 3 - JOINT VENTURES - Continued

When the operating millage was voted in, all costs not funded by the millage were to be split 50% Township and 50% Village. Neither municipality contributed during the year ended December 31, 2006 as all department costs were funded by the millage.

The Township has included a share equal to 50% of the police department's capital assets in the Statement of Net Assets. The net book value of the capital assets included is \$55,988. The 50% net book value included by the Township is based solely on the original mutual police assistance agreement. The allocation does not reflect the revenue received from the operating millage, nor does it reflect years in which the Township and Village contributions were not equal.

A copy of the audited financial report is available for review at the Township office.

NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2006 were as follows:

	<u>Balance</u> <u>January 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2006</u>
Governmental Activities				
Land	\$ 354,249	\$ 160,000	\$ -	\$ 514,249
Buildings	\$ 1,922,886	\$ 8,620	\$ (18,231)	\$ 1,913,275
Land Improvements	71,940	11,279	-	83,219
Utility Systems	377,851	-	-	377,851
Vehicles	538,424	-	-	538,424
Furniture and Equipment	402,498	88,279	(20,321)	470,456
Subtotal	\$ 3,313,599	\$ 108,178	\$ (38,552)	\$ 3,383,225
Less: Accumulated Depreciation	(1,116,240)	(136,076)	34,650	(1,217,666)
Total Capital Assets Other Than Land	\$ 2,197,359	\$ (27,898)	\$ (3,902)	\$ 2,165,559

Depreciation expense was charged in the following functions in the statement of activities:

Governmental functions:	
General government	\$ 26,545
Public safety	97,215
Public works	9,446
Recreation and cultural	2,870
Total	<u>\$ 136,076</u>

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2006

NOTE 5 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended December 31, 2006:

	<u>Bonds</u>
As of January 1, 2006	\$ 237,051
Additions	-
(Reductions)	53,467
As of December 31, 2006	\$ 183,584

Long-term debt at December 31, 2006 is comprised of the following individual issues:

	<u>Balance</u> <u>January 1,</u> <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2006</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities - Primary Activities					
1989 Library Building and Site Bonds (General Obligation Unlimited Tax Bonds) due in annual installments of \$15,000 to \$55,000 through May 1, 2008; interest varies from 7.15% to 9.00%.	\$ 155,000	\$ -	\$ (50,000)	\$ 105,000	\$ 55,000
Berrien County Water and Sewer Improvements Project No. 26 Bonds, Series 2000 due in annual installments of \$3,467 to \$8,090 through May 1, 2020; interest varies from 4.50% to 5.65%.	82,051	-	(3,467)	78,584	4,622
Total Primary Government	\$ 237,051	\$ -	\$ (53,467)	\$ 183,584	\$ 59,622

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 53,467	\$ 10,122
2008	59,622	5,984
2009	4,623	3,689
2010	4,623	3,455
2011	4,623	3,217
2012-2016	27,736	11,921
2017-2020	28,890	3,338
Total	\$ 183,584	\$ 41,726

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2006

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Individual Funds - Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 50,009	Current Tax Fund	\$ 62,369
Library Debt Service Fund	12,115		-
Street Lighting Fund	<u>245</u>		<u>-</u>
	<u>\$ 62,369</u>		<u>\$ 62,369</u>

B. Individual Funds - Interfund Operating Transfers

Individual fund operating transfers for the year ended December 31, 2006, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 6,441
Debt Service Fund	<u>6,441</u>	<u>-</u>
	<u>\$ 6,441</u>	<u>\$ 6,441</u>

The General Fund transferred \$6,441 to the Debt Service Fund for payment on the Berrien County Water and Sewer Improvements Project No. 26 Bonds.

NOTE 7 - RETIREMENT PLAN

The Township maintains a defined contribution retirement plan, which is administered by John Hancock Insurance Company, covering all full-time employees. Participants contribute a minimum amount per \$1,000 of their compensation and the Township matches participant contributions on a three-for-one basis, subject to certain limitations.

The Township's total payroll during the current year was \$346,788. The current year contribution was calculated based on covered payroll of \$239,439, resulting in an employer contribution of \$28,283, and employee contributions of \$9,633.

All participants are fully vested in the plan. The plan is a money purchase plan qualified under section 401(a) of the Internal Revenue Code.

NOTE 8 - VACATION AND SICK PAY

Vacation and sick pay are expensed when paid. Vacation pay does not accumulate beyond the current year. Sick days accumulate, but can only be taken as compensated time off in the future and are not eligible for cash payment upon termination of employment.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2006

NOTE 9 - ROAD REPAIR AND MAINTENANCE

Subsequently all road repairs and improvements are done by the Berrien County Road Commission with funds provided by Township and County revenues. All disbursements to the Road Commission are included in the combined financial statements as an expenditure at the time of disbursement. Accordingly, a portion of the disbursement may represent an advance of road improvement funds before such a project is begun or completed by the Road Commission.

NOTE 10 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund. The following is a schedule of building department revenues and expenditures:

Revenues	
Building permits	<u>\$ 34,466</u>
Expenditures	
Salary and wages	\$ 28,131
Payroll taxes	2,152
Professional development	565
Retirement	3,376
Travel	1,307
Life and health insurance	<u>6,751</u>
Total Expenditures	<u>\$ 42,282</u>
Deficiency of Revenues under Expenditures	<u>\$ (7,816)</u>

NOTE 11 - FUND EXPENDITURES OVER BUDGET

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund budget of the Township was adopted at the department level. During the year ended December 31, 2006, the Township was over budget in the following departments:

Administrative and Office	\$ 352
Township Hall and Grounds	33,900

NOTE 12 - PRIOR PERIOD ADJUSTMENT

The prior period adjustment represents a parcel of land that was not reflected on the statement of net assets when the Township made the initial conversion to GASB 34.

**ORONOKO CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Improvement Fund - This fund is used to account for capital improvements of the Township.

Street Lighting Fund – This fund is used to account for the expenditure of funds to provide for the lighting by artificial means of roads, highways, and bridges.

Debt Service Funds

Debt service funds are used to account for monies collected to satisfy payments on bonds.

Debt Fund - This fund is used to satisfy bond payments for the Library Building and Site Bonds and the Sewer Assessment No. 26 Bonds.

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 152,000	\$ 152,000	\$ 156,867	\$ 4,867
Licenses and permits	42,500	42,500	51,629	9,129
State grants	620,000	620,000	601,985	(18,015)
Federal grants	-	-	77,736	77,736
Contributions from local units	-	-	33,376	33,376
Charges for services	47,000	47,000	66,812	19,812
Interest	22,000	22,000	62,682	40,682
Capital grants	-	-	83,077	83,077
Fire department revenue	48,000	48,000	41,594	(6,406)
Other	24,500	24,500	1,575	(22,925)
	<u>\$ 956,000</u>	<u>\$ 956,000</u>	<u>\$ 1,177,333</u>	<u>\$ 221,333</u>
Total Revenues				
Expenditures:				
General government	\$ 726,468	\$ 630,448	\$ 596,084	\$ 34,364
Public safety	164,757	334,777	326,908	7,869
Public works	81,500	24,000	21,542	2,458
Health and welfare	48,000	46,000	45,891	109
Community and economic development	8,525	13,025	12,151	874
Recreation and cultural	65,000	46,000	45,515	485
	<u>\$ 1,094,250</u>	<u>\$ 1,094,250</u>	<u>\$ 1,048,091</u>	<u>\$ 46,159</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (138,250)</u>	<u>\$ (138,250)</u>	<u>\$ 129,242</u>	<u>\$ 267,492</u>
Other Financing Sources (Uses):				
Operating transfers out	\$ (9,001)	\$ (6,501)	\$ (6,441)	\$ 60
Proceeds from sale of assets	-	-	32,400	32,400
	<u>\$ (9,001)</u>	<u>\$ (6,501)</u>	<u>\$ 25,959</u>	<u>\$ 32,460</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	\$ (147,251)	\$ (144,751)	\$ 155,201	\$ 299,952
Fund Balances - Beginning of Year	<u>1,355,827</u>	<u>1,355,827</u>	<u>1,355,827</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,208,576</u>	<u>\$ 1,211,076</u>	<u>\$ 1,511,028</u>	<u>\$ 299,952</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
For the Year Ended December 31, 2006**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 2,100	\$ 30,428	\$ 32,528
Monies on deposit with county	7,407	-	7,407
Receivables:			
Property taxes	-	31,267	31,267
Assessments	980	6,288	7,268
Due to other funds	<u>245</u>	<u>12,115</u>	<u>12,360</u>
TOTAL ASSETS	<u>\$ 10,732</u>	<u>\$ 80,098</u>	<u>\$ 90,830</u>
Liabilities and Fund Balances			
Current Liabilities:			
Deferred revenue	<u>\$ 1,225</u>	<u>\$ 49,659</u>	<u>\$ 50,884</u>
Total Liabilities	<u>\$ 1,225</u>	<u>\$ 49,659</u>	<u>\$ 50,884</u>
Fund Balances:			
Unreserved, reported in			
Special Revenue	\$ 9,507	\$ -	\$ 9,507
Debt Service	<u>-</u>	<u>30,439</u>	<u>30,439</u>
Total Fund Balances	<u>\$ 9,507</u>	<u>\$ 30,439</u>	<u>\$ 39,946</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,732</u>	<u>\$ 80,098</u>	<u>\$ 90,830</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2006**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ 62,088	\$ 62,088
Interest and rents	41	1,566	1,607
Special assessments	-	675	675
	<u>41</u>	<u>64,329</u>	<u>64,370</u>
Total Revenues	\$ 41	\$ 64,329	\$ 64,370
Expenditures:			
Debt service:			
Principal retirement	\$ -	\$ 53,467	\$ 53,467
Interest and fiscal charges	-	14,043	14,043
Miscellaneous	-	364	364
	<u>-</u>	<u>67,874</u>	<u>67,874</u>
Total Expenditures	\$ -	\$ 67,874	\$ 67,874
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 41</u>	<u>\$ (3,545)</u>	<u>\$ (3,504)</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ 6,441	\$ 6,441
	<u>-</u>	<u>6,441</u>	<u>6,441</u>
Total Other Financing Sources (Uses)	\$ -	\$ 6,441	\$ 6,441
Net Change in Fund Balances	\$ 41	\$ 2,896	\$ 2,937
Fund Balances - Beginning of Year	<u>9,466</u>	<u>27,543</u>	<u>37,009</u>
FUND BALANCES - END OF YEAR	\$ 9,507	\$ 30,439	\$ 39,946

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005**

General Government	2006			2005 Actual
	Budget	Actual	Variance - Positive (Negative)	
Legislative:				
Salary and wages	\$ 8,300	\$ 8,204	\$ 96	\$ 7,965
Payroll taxes	675	628	47	610
Office supplies	3,500	3,488	12	4,049
Postage	7,500	6,730	770	7,293
Audit fees	8,500	8,020	480	9,480
Legal fees	11,000	10,335	665	9,068
Dues	7,000	5,350	1,650	6,703
Computer services and software	17,000	16,510	490	10,897
Retirement	26,000	24,908	1,092	23,882
Community donation	5,400	3,400	2,000	3,400
Printing and publishing	10,000	8,810	1,190	9,322
Insurance and bonds	36,200	36,153	47	34,069
Life and health insurance	70,000	61,842	8,158	60,133
Workers' compensation insurance	15,000	9,402	5,598	16,483
Repairs and maintenance	5,000	3,506	1,494	3,487
Travel	500	457	43	36
Miscellaneous	2,000	1,561	439	2,298
Total Legislative	<u>\$ 233,575</u>	<u>\$ 209,304</u>	<u>\$ 24,271</u>	<u>\$ 209,175</u>
Supervisor:				
Salary	\$ 14,598	\$ 14,589	\$ 9	\$ 14,589
Payroll taxes	1,250	1,116	134	1,117
Total Supervisor	<u>\$ 15,848</u>	<u>\$ 15,705</u>	<u>\$ 143</u>	<u>\$ 15,706</u>
Clerk:				
Salary	\$ 12,100	\$ 12,061	\$ 39	\$ 11,709
Payroll	930	923	7	896
Travel	250	-	250	-
Total Clerk	<u>\$ 13,280</u>	<u>\$ 12,984</u>	<u>\$ 296</u>	<u>\$ 12,605</u>

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005**

	<u>2006</u>		Variance - Positive (Negative)	2005 Actual
	<u>Budget</u>	<u>Actual</u>		
General Government - Continued:				
Treasurer:				
Salary	\$ 9,100	\$ 9,064	\$ 36	\$ 8,067
Payroll taxes	715	693	22	617
Total Treasurer	<u>\$ 9,815</u>	<u>\$ 9,757</u>	<u>\$ 58</u>	<u>\$ 8,684</u>
Administrative and Office:				
Salaries and wages	\$ 85,700	\$ 86,150	\$ (450)	\$ 82,986
Payroll taxes	6,575	6,577	(2)	6,347
Travel	100	-	100	-
Total Administrative and Office	<u>\$ 92,375</u>	<u>\$ 92,727</u>	<u>\$ (352)</u>	<u>\$ 89,333</u>
Assessor and Board of Review:				
Salaries and wages	\$ 32,600	\$ 32,523	\$ 77	\$ 27,954
Payroll taxes	2,445	2,442	3	2,093
Travel	100	98	2	67
Miscellaneous	500	479	21	409
Total Assessor and Board of Review	<u>\$ 35,645</u>	<u>\$ 35,542</u>	<u>\$ 103</u>	<u>\$ 30,523</u>
Township Hall and Grounds:				
Utilities	\$ 8,250	\$ 6,180	\$ 2,070	\$ 7,370
Repairs and maintenance	10,000	9,177	823	10,280
Communications	-	2,530	(2,530)	-
Capital outlay	13,000	47,263	(34,263)	485
Total Township Hall and Grounds	<u>\$ 31,250</u>	<u>\$ 65,150</u>	<u>\$ (33,900)</u>	<u>\$ 18,135</u>
Cemetery:				
Salaries and wages	\$ 83,000	\$ 80,949	\$ 2,051	\$ 84,270
Payroll taxes	7,300	6,189	1,111	6,443
Utilities	8,000	7,224	776	6,479
Repairs	13,200	11,848	1,352	21,282
Travel	550	213	337	362
Capital outlay	37,500	37,383	117	-
Total Cemetery	<u>\$ 149,550</u>	<u>\$ 143,806</u>	<u>\$ 5,744</u>	<u>\$ 118,836</u>

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005**

	<u>2006</u>			<u>2005 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	
General Government - Continued:				
Elections:				
Salaries - Temporary employees	\$ 5,100	\$ 5,085	\$ 15	\$ 2,275
Office supplies	4,200	3,891	309	2,903
Printing and publishing	2,000	1,743	257	317
Travel	300	282	18	12
Miscellaneous	<u>200</u>	<u>108</u>	<u>92</u>	<u>-</u>
Total Elections	<u>\$ 11,800</u>	<u>\$ 11,109</u>	<u>\$ 691</u>	<u>\$ 5,507</u>
Contingencies	<u>\$ 37,310</u>	<u>\$ -</u>	<u>\$ 37,310</u>	<u>\$ -</u>
Total General Government	<u>\$ 630,448</u>	<u>\$ 596,084</u>	<u>\$ 34,364</u>	<u>\$ 508,504</u>
Public Safety:				
Fire Protection:				
Salaries and wages	\$ 70,000	\$ 69,868	\$ 132	\$ 54,533
Payroll taxes	5,355	5,345	10	4,172
Office supplies	1,300	1,353	(53)	776
Miscellaneous supplies	500	58	442	150
Uniforms and cleaning	8,100	8,001	99	2,249
Fees and subscriptions	1,300	1,211	89	1,055
Telephone	10,500	9,771	729	8,281
Gasoline and oil	4,000	4,417	(417)	1,039
Travel	600	564	36	720
Conference and workshops	7,200	3,605	3,595	6,059
Public education	1,200	1,172	28	382
Insurance	3,482	2,358	1,124	2,358
Utilities	9,350	8,652	698	10,492
Repairs and maintenance	18,400	18,760	(360)	12,555
Supplies	7,500	6,630	870	4,424
Equipment purchases	16,500	16,398	102	21,312
County wide equipment	126,015	126,012	3	200,143
Miscellaneous	<u>500</u>	<u>451</u>	<u>49</u>	<u>2,380</u>
Total Fire Protection	<u>\$ 291,802</u>	<u>\$ 284,626</u>	<u>\$ 7,176</u>	<u>\$ 333,080</u>

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005**

	<u>2006</u>		Variance - Positive (Negative)	2005 Actual
	<u>Budget</u>	<u>Actual</u>		
Public Safety - Continued:				
Building Department:				
Salaries and wages	\$ 28,200	\$ 28,131	\$ 69	\$ 27,311
Payroll taxes	2,175	2,152	23	2,089
Dues	700	565	135	270
Retirement	3,500	3,376	124	3,278
Printing and publishing	100	-	100	-
Life and health insurance	6,700	6,751	(51)	6,317
Travel	1,500	1,307	193	174
Miscellaneous	100	-	100	-
Total Building Department	<u>\$ 42,975</u>	<u>\$ 42,282</u>	<u>\$ 693</u>	<u>\$ 39,439</u>
Total Public Safety	<u>\$ 334,777</u>	<u>\$ 326,908</u>	<u>\$ 7,869</u>	<u>\$ 372,519</u>
Public Works:				
Street lighting	\$ 13,000	\$ 13,463	\$ (463)	\$ 10,939
Roads and streets	8,500	5,903	2,597	50,796
Drains	2,500	2,176	324	2,069
Total Public Works	<u>\$ 24,000</u>	<u>\$ 21,542</u>	<u>\$ 2,458</u>	<u>\$ 63,804</u>
Health and Welfare:				
Ambulance service	<u>\$ 46,000</u>	<u>\$ 45,891</u>	<u>\$ 109</u>	<u>\$ 45,891</u>
Community and Economic Development:				
Planning and Zoning:				
Salaries and wages	\$ 5,500	\$ 5,850	\$ (350)	\$ 4,665
Payroll taxes	425	448	(23)	357
Printing and publishing	500	310	190	123
Legal fees	6,000	5,147	853	-
Dues	500	396	104	487
Miscellaneous	100	-	100	-
Total Community and Economic Development	<u>\$ 13,025</u>	<u>\$ 12,151</u>	<u>\$ 874</u>	<u>\$ 5,632</u>

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005**

	<u>2006</u>		Variance - Positive (Negative)	2005 Actual
	<u>Budget</u>	<u>Actual</u>		
Recreation and Cultural:				
Township Park:				
Repairs and maintenance	\$ 12,000	\$ 11,633	\$ 367	\$ 12,231
Recreation:				
Township appropriation	<u>34,000</u>	<u>33,882</u>	<u>118</u>	<u>34,049</u>
Total Recreation and Cultural	<u>\$ 46,000</u>	<u>\$ 45,515</u>	<u>\$ 485</u>	<u>\$ 46,280</u>
TOTAL EXPENDITURES	<u>\$ 1,094,250</u>	<u>\$ 1,048,091</u>	<u>\$ 46,159</u>	<u>\$ 1,042,630</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
December 31, 2006**

With Comparative Totals for the Year Ended December 31, 2005

	<u>Improvement Fund</u>	<u>Street Lighting Fund</u>	<u>Totals 2006</u>	<u>2005</u>
Assets				
Cash and cash equivalents	\$ 2,100	\$ -	\$ 2,100	\$ 2,059
Monies on deposit with county	7,407	-	7,407	7,407
Assessments receivable	-	980	980	-
Due from other fund - NOTE 6	-	245	245	-
	<u>9,507</u>	<u>1,225</u>	<u>10,732</u>	<u>9,466</u>
TOTAL ASSETS	\$ 9,507	\$ 1,225	\$ 10,732	\$ 9,466
Liabilities and Fund Balances				
Deferred revenue	\$ -	\$ 1,225	\$ 1,225	\$ -
Fund balances	9,507	-	9,507	9,466
	<u>9,507</u>	<u>1,225</u>	<u>10,732</u>	<u>9,466</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,507	\$ 1,225	\$ 10,732	\$ 9,466

**ORONOKO CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended December 31, 2006
With Comparative Totals for the Year Ended December 31, 2005**

	<u>Improvement</u> <u>Fund</u>	<u>Street Lighting</u> <u>Fund</u>	<u>Totals</u> <u>2006</u>	<u>2005</u>
Revenues:				
Interest and rents	\$ 41	\$ -	\$ 41	\$ 12
Other Financing Sources (Uses):				
Operating transfer in (out)	-	-	-	1
Net Change in Fund Balances	\$ 41	\$ -	\$ 41	\$ 13
Fund Balances - Beginning of Year	<u>9,466</u>	<u>-</u>	<u>9,466</u>	<u>9,453</u>
FUND BALANCES - END OF YEAR	<u>\$ 9,507</u>	<u>\$ -</u>	<u>\$ 9,507</u>	<u>\$ 9,466</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR DEBT SERVICE FUNDS
Combining Balance Sheet
December 31, 2006**

With Comparative Totals for the Year Ended December 31, 2005

	<u>Library</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u>	
Assets			<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ 30,428	\$ -	\$ 30,428	\$ 27,543
Receivables:				
Property tax	31,267	-	31,267	36,956
Assessments	-	6,288	6,288	6,547
Due from other funds - NOTE 6	<u>12,115</u>	<u>-</u>	<u>12,115</u>	<u>25,666</u>
 TOTAL ASSETS	 <u>\$ 73,810</u>	 <u>\$ 6,288</u>	 <u>\$ 80,098</u>	 <u>\$ 96,712</u>
 Liabilities and Fund Balances				
Deferred revenue	\$ 43,371	\$ 6,288	\$ 49,659	\$ 69,169
Fund balances	<u>30,439</u>	<u>-</u>	<u>30,439</u>	<u>27,543</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 73,810</u>	 <u>\$ 6,288</u>	 <u>\$ 80,098</u>	 <u>\$ 96,712</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR DEBT SERVICE FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2006
With Comparative Totals for the Year Ended December 31, 2005**

	<u>Library Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
Revenues:				
Taxes	\$ 62,088	\$ -	\$ 62,088	\$ 65,867
Interest and rents	858	708	1,566	1,399
Special assessments	-	675	675	675
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 62,946</u>	<u>\$ 1,383</u>	<u>\$ 64,329</u>	<u>\$ 67,941</u>
 Expenditures:				
Debt service:				
Principal retirement	\$ 50,000	\$ 3,467	\$ 53,467	\$ 53,467
Interest and fiscal charges	9,750	4,293	14,043	17,963
Miscellaneous	300	64	364	369
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 60,050</u>	<u>\$ 7,824</u>	<u>\$ 67,874</u>	<u>\$ 71,799</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ 2,896	 \$ (6,441)	 \$ (3,545)	 \$ (3,858)
 Other Financing Sources (Uses):				
Operating transfer in (out)	<u> -</u>	<u> 6,441</u>	<u> 6,441</u>	<u> 7,917</u>
 Net Change in Fund Balances	 \$ 2,896	 \$ -	 \$ 2,896	 \$ 4,059
 Fund Balance - Beginning of Year	 <u>27,543</u>	 <u>-</u>	 <u>27,543</u>	 <u>23,484</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 30,439</u>	 <u>\$ -</u>	 <u>\$ 30,439</u>	 <u>\$ 27,543</u>

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

February 21, 2007

TOWNSHIP BOARD OF
ORONOKO CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

In connection with our audit of the books and records of Oronoko Charter Township for the year ended December 31, 2006, we offer the following comments and recommendations.

GENERAL

1. Expenditures have been allocated to department 103 Township Board. To comply with the State's Uniform Chart of Accounts, expenditures which have been charged to department 103 Township Board should be reviewed for allocation to other departments.
2. On November 14, 2006, the Township voted to terminate the mutual police assistance agreement with the Village of Berrien Springs and assume control of and responsibility for police protection and services. For the year ended December 31, 2006, we have audited the police department as a separate entity. Beginning with fiscal year 2007, the police department will be reported as a special revenue fund in the Township's financial statements.
3. The Township's administration and accounting personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.

We appreciate the courtesy and cooperation extended to us by the officials and employees of Oronoko Charter Township and trust that these comments and suggestions will be received in the spirit of cooperation in which they are offered.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

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